# Exhibit 14

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**Forex Capital Markets, LLC**

# External Execution Rules

## Business Functionality Description

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# 1   Liquidity Management Rules

## 1.1   Liquidity Providers

FXCM receives liquidity from a number of sources, both banks and non-bank financial institutions. The model for connectivity and operation with each of these liquidity providers is fairly similar. In most cases, FXCM has a dedicated network circuit to the provider that is not used for any other purpose.

FXCM connects to the liquidity provider's system like a client, meaning that it has an account with the liquidity provider and permissions to trade certain instruments. When FXCM connects, there are two channels to the connection. One channel is used to subscribe for quotes for all of the support instruments. The other channel is used for sending orders and receiving execution reports and rejection reports on those orders.

### 1.1.1   Market Data

The first channel referenced above is the market data channel. After FXCM subscribes for quotes, it receives a stream of executable quotes that include the following information:

> Quote ID
> Instrument
> Bid Price
> Bid Amount
> Ask Price
> Ask Amount

These quotes represent prices and amounts at which the provider is willing to trade at that moment. Some providers will send both sides of the quote (Bid and Ask) at the same time, whereas some will send them separately. In either case, FXCM is able to process these quotes in order to create the quote and matching books described in further detail below.

### 1.1.2   Order Types

In order to simplify trading activity with providers, FXCM uses only 2 order types with liquidity providers, and the Time in Force for either order type is always Fill or Kill. This means that FXCM will not accept partial fills from providers in any circumstance, and that if the order cannot be filled immediately, then it should be rejected:

> a.   Previously Quoted Order – This type of order is sent against a particular quote ID, meaning that the recipient of the order can match it against that quote only.
> b.   Limit Order – A limit order is an order to buy or sell at a specific price or better.

After FXCM sends an order, it will receive either an execution report (meaning that the order has been filled in its entirety) or a rejection report (meaning the order was rejected in its entirety). To reiterate, FXCM's orders require a complete fill at the quoted price (for Previously Quoted), or at the order price or better (for Limit).

### 1.1.3 Prime Brokers

For some lines of credit, FXCM uses a Prime Broker in order to centralize collateral and all trading activity. The role of the Prime Broker is to act as a credit intermediary between FXCM and the liquidity provider. The Prime Broker is only involved in Post-trade activities and reconciliation. During these Post-trade activities, FXCM will notify the Prime Broker of any deals done with a liquidity provider, and the liquidity provider will notify the Prime Broker of any deals done with FXCM. The Prime Broker will then match the deals and report any discrepancies as part of the reconciliation process.

## 1.2 Price Streams

Currently there are 4 price streams that can be output by the system. The rules below apply to the calculation of the best bid and offer at each level of the book for each of the price streams. The price streams are:

| Back Office Stream Name | External Execution Stream Name | Description | Special Features |
|---|---|---|---|
| BBO | Retail | This stream displays only the Best Bid/Offer at the top of the book. | |
| BBO | Level2 | This stream displays all levels in the book, unaggregated. The levels are sorted based on price. | Only available in the XTPReal01 Database under BBO Stream. |
| BBO | Retail2 | This stream shows the same data as the Retail stream. | Only available in the XTPReal02 Database, and the source of data to Limelight Networks and FXInformer (on DailyFX.com) |
| BBOX | BBOX | The data in this stream is the same as the other streams above, but the quotes are filtered based on the minimum size quote that can be included in the liquidity pool. The objective of this stream is to serve users who have needs for larger amounts of liquidity but who are willing to accept wider spreads. | This stream is not currently in use. |
| | | | |

*Note, the following two streams have been removed from the Matching Engine, and they are now calculated within the Active Trader TS itself.

**VWAP** – this stream shows the volume weighted average price for multiple levels of the book.

**Consolidated** – this stream shows the aggregate volume for each price level in the book.

## 1.3 Application of Markups

Markups can be applied in 3 places:

**Bank Adapter** – In this setup, the markups are applied immediately when they are received from a liquidity provider. Because the markup is applied in the bank adapter itself, the calculation of the best bid and offer is based on the marked up prices. *(As of 10/07/2011, this is the current setting used for the FXCM systems.)*

**Bank Configuration in Configuration** – In this setup, the prices from the bank adapter have no markup, but the Liquidity Manager/Matching Engine is responsible for applying the markups to the prices before the calculation of the best bid and offer.

**Stream Configuration in Matching Engine** – In this setup, a single markup is applied for the entire stream, such that the markups for each of the providers are the same.

An additional markup setting can be applied in the liquidity pool and applied during execution of orders only (see Matching Rules > Liquidity Pool section for more details).

## 1.4   Calculation of Best Bid/Offer and Tiers of Liquidity

The top of the quote and matching books, or Best Bid/Offer is calculated by using the lowest Offer and the highest Bid price from all of the providers. Each new quote received from a liquidity provider forces a recalculation of the Best Bid/Offer, and the output stream is always a two-sided quote (even if one side is invalid).

In the case that two providers have the same price on their quote, the sorting of the book is done during execution only, and it is based on the execution preference list (see Execution Preference Rules).

As orders hit a quote, the liquidity associated with that quote is deprecated according to the amount of the order(s). While the adjustment in the liquidity is maintained in the book for matching in real-time, the amount of a quote in the Stream output will only be reflected when a new quote is received. If at the time of receiving a new quote, the full amount of another quote has been liquidated, then the liquidated quote will become invalid and removed from the book.

## 1.5   Quote Validity

A key aspect to the construction of the FXCM quote and matching book is the determination of whether a quote is valid or not. Invalid quotes are not included in the calculation of the best bid/offer for the quote book or the matching book, except in the case that there is no valid quote in that instrument from any liquidity provider.

The rules below are applied in order to determine quote validity.

### 1.5.1   Tradeable/Non-Tradeable

The Bank Adapter is responsible for determining if a quote is tradeable or non-tradeable. The liquidity provider may pass one or more values to indicate a non-tradeable quote:

    a.  If the size of the quote = 0, then the adapter will convert the quote to a non-tradeable quote.

    b.  If the bank uses a Non-Tradeable tag in the market data message, then the quote will be treated as non-tradeable.

    c.  There is a parameter, called the Minimum Quote Size parameter, which determines the minimum size of a quote that can be valid. If a quote is received for smaller than the minimum size, then the quote will not be used in the BBO calculation.

The output prices for a stream can be either Tradeable or Non-Tradeable. If there are no tradeable prices in the book, then the BBO output will reflect the first non-tradeable quote that invalidated the previous tradeable quote.

## 1.5.2   Remove Quote Command

Whenever there is a rejection on an order, the quote on which that order was placed is immediately invalidated by the engine so that no new orders can be matched against it. The invalidated quote is then removed from the quote and matching books and the book will be recalculated.

## 1.5.3   Suspend/Resume Commands

There is a command within the system that allows for the suspension of a bank so that the system does not include any new incoming quotes in the quote or matching books. When the suspend command is called, no matching requests can be made against any quotes already in the book from the liquidity provider.

There is an additional command that allows for the resumption of quote processing from a provider.

These commands can be called manually by one of the system administrators, or they can be automatically invoked by rules governing execution (see Execution Control Scenarios).

## 1.5.4   Throttling

There are two throttling modes available through configuration in the system:
a. Duplicate Quote Handling
   Both the Retail and Retail2 streams, use a method of quote throttling to prevent the generation of too many Best Bid/Offer output quotes: if the Bid and Ask price does not change, then no new BBO quote is generated. The duplicate quote is simply thrown out.
b. Time Based Throttling
   The other throttling mode available is based on the maximum number of BBO updates that can be made within a time parameter. For instance, we can limit the frequency of new BBO updates sent from the Matching Engine to other components by setting a maximum number of quotes per millisecond. *(As of 10/07/2011, the throttling value for all CCY pairs on the Retail and Retail2 streams is 1 update per 5 milliseconds, 200/sec.)*

## 1.5.5   Quote Timeout

There is a parameter in the system that defines the timeout for a quote received from a liquidity provider. The purpose of this timeout is to ensure that rejections do not occur in the case that a provider connection is healthy, but the provider is not sending any new quotes. When the quote timeout period is reached, the quote will be invalidated and removed from the quote and matching books.
*(As of 10/07/2011, the timeout period for all quotes on all instruments is 40 seconds.)*

## 1.5.6   Min/Max Spread

The Minimum/Maximum Spread parameter controls the width of the spread.

If the best Bid/Offer is narrower than the Minimum spread, then the quote that caused the condition is thrown out, and the second best Bid or Offer is used, instead. In the case of an inverted spread, then the engine will evaluate the best Bid or Offer against the second best Bid or Offer. The engine then makes a determination about whether the Bid or Offer is valid by calculating the spread that would exist between the best Bid and second best Offer and the best Offer and second best Bid. If either of those combinations causes an inverted spread, then best Bid/Offer used in that calculation is removed and the second best is used.

If the best Bid/Offer is wider than the Maximum spread, then the quote that caused the condition is thrown out, and the previous best quote is retained at the top of book.

## 1.5.7  Seatbelt

The Seatbelt (or Max Change) parameter monitors the change from one price to the next. In the case that a best Bid or Offer causes a change in the side of the top of book price that is greater than the seatbelt, then the new quote is thrown out, and the previous quote is retained.

## 1.5.8  Minimum Quote Size

The Minimum Quote Size parameter is used to restrict the output of the BBO to include only those quotes that are large enough to be used for execution. In this way, the Minimum Quote Size parameter can be used to limit rejections due to a lack of liquidity.
As of 10/07/2011, the value for this parameter is 100k on the Standard, Micro, and Large Liquidity Pools. It is unused but will be set to 2MM on the BBOX pool.

Execution Rules

## 1.1   *Trigger and Execution Scenarios for Each Order Type*

A client order is passed through a number of business logic components before hitting the external execution engine. These components deliver all pertinent order details, including the type of order, price, and Time in Force.

The execution engine includes a retry algorithm that dictates the attempts to route orders to multiple liquidity providers or quotes before sending the order back to the business logic components.

1.  When the order is received, the engine creates a snapshot of the available quotes and begins iterating through attempts to find the proper quote to use. Once the proper quote is identified, the request is sent to the bank adapter to route the order to the liquidity provider.

2.  There are 3 sources of rejections in the system:
    a.  Rejection due to "no quote found" – this happens if there is no valid quote to use in the iterations through the quote book snapshot to fill the order.
    b.  Rejection by the bank adapter – this happens if the adapter has received a new quote that makes execution on the original quote impossible.
    c.  Rejection by the liquidity provider – this happens if the liquidity provider rejects the order that is sent to it.

3.  FXCM Retail Execution Strategies
    a.  **Limit, FOK**
        A Limit order is an order to buy or sell at a specified price or better. In the FXCM system, a Limit order is triggered when the market price touches or goes through the order price (more specifically, if the order is a Buy Limit, the order is triggered when the Ask price touches or goes below the order price; if the order is a Sell Limit, the order is triggered when the Bid price touches or goes above the order price).

        It is also possible for a client to send a Limit order at a price that is already worse than the market price. In this case, the order will be triggered immediately, and it will be executed at the first price available (as long as the first price is still equal to or better than the order price).
        *As of 10/07/2011, this functionality is exposed through the API, but not through the Trading Stations.*

        This order must be filled in its entirety and immediately at the customer order price or a better price, if it exists on the market. The system will make 3 iterations to find a quote for this order.

    b.  **Limit, IOC**
        A Limit order is an order to buy or sell at a specified price or better. In the FXCM system, a Limit order is triggered when the market price touches or goes through the order price (more specifically, if the order is a Buy Limit, the order is triggered when the Ask price

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touches or goes below the order price; if the order is a Sell Limit, the order is triggered when the Bid price touches or goes above the order price).

It is also possible for a client to send a Limit order at a price that is already worse than the market price. In this case, the order will be triggered immediately, and it will be executed at the first price available (as long as the first price is still equal to or better than the order price).
*As of 10/07/2011, this functionality is exposed through the API, but not through the Trading Stations.*

This order must be filled immediately at the customer order price or a better price, if it exists on the market. The order can be partially filled. The system will make 3 iterations to find a quote for this order.

c. **Limit, GTC**
A Limit order is an order to buy or sell at a specified price or better. In the FXCM system, a Limit order is triggered when the market price touches or goes through the order price (more specifically, if the order is a Buy Limit, the order is triggered when the Ask price touches or goes below the order price; if the order is a Sell Limit, the order is triggered when the Bid price touches or goes above the order price).

It is also possible for a client to send a Limit order at a price that is already worse than the market price. In this case, the order will be triggered immediately, and it will be executed at the first price available (as long as the first price is still equal to or better than the order price).
*As of 10/07/2011, this functionality is exposed through the API, but not through the Trading Stations.*

This order can be partially filled multiple times until either the full order amount is executed or the client cancels any remaining amount. If the market moves away from the Limit price, and the order is unexecuted, then the engine will send a reset command. The order must be executed at the client's order price or better, and price improvement is passed along to the client. The system will make 3 iterations to find a quote for this order.

d. **Limit, DAY**
A Limit order is an order to buy or sell at a specified price or better. In the FXCM system, a Limit order is triggered when the market price touches or goes through the order price (more specifically, if the order is a Buy Limit, the order is triggered when the Ask price touches or goes below the order price; if the order is a Sell Limit, the order is triggered when the Bid price touches or goes above the order price).

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It is also possible for a client to send a Limit order at a price that is already worse than the market price. In this case, the order will be triggered immediately, and it will be executed at the first price available (as long as the first price is still equal to or better than the order price).

*As of 10/07/2011, this functionality is exposed through the API, but not through the Trading Stations.*

This order can be partially filled multiple times until either the full order amount is executed or the client cancels any remaining amount. If the market moves away from the Limit price, and the order is unexecuted, then the engine will send a reset command. The order must be executed at the client's order price or better, and price improvement is passed along to the client. The order will be canceled at 17:00 NY time if it has not been executed in that trading session. The system will make 3 iterations to find a quote for this order.

e.  **Previously Quoted, FOK**

A previously quoted order is accessible through APIs, and it allows a client to send an order against a particular quote. In this type of order, the order can only be matched against the quote specified in the order details. It will be triggered immediately, and it will be executed if the specified quote is still valid; it will be rejected if the specified quote is no longer valid.

This order must be filled in its entirety and immediately at the customer order price or a better price, if it exists on the market. The system will make 3 iterations to find a quote for this order.

f.  **Previously Quoted, IOC**

A previously quoted order is accessible through APIs, and it allows a client to send an order against a particular quote. In this type of order, the order can only be matched against the quote specified in the order details. It will be triggered immediately, and it will be executed if the specified quote is still valid; it will be rejected if the specified quote is no longer valid.

This order must be filled immediately at the customer order price or a better price, if it exists on the market. The order can be partially filled. The system will make 3 iterations to find a quote for this order.

g.  **Market At Best, FOK**

A Market At Best order is an order to Buy or Sell immediately at the best available market price. The order is triggered immediately upon receipt by the FXCM system.

This order must be filled in its entirety and immediately at the best available price on the market for the order size. The system will make 3 iterations to find a quote for this order.

h.  **Market At Best, IOC**

A Market At Best order is an order to Buy or Sell immediately at the best available market price. The order is triggered immediately upon receipt by the FXCM system.

This order must be filled immediately at best available price on the market. The order can be partially filled. The system will make 3 iterations to find a quote for this order.

i.  **Market At Best, GTC**
A Market At Best order is an order to Buy or Sell immediately at the best available market price. The order is triggered immediately upon receipt by the FXCM system.

This order can be partially filled multiple times until either the full order amount is executed or the client cancels any remaining amount. There is no price associated with this order, so the order will be executed at the best available market price. The system will make 20 iterations to find a quote for this order.

j.  **Market Range, FOK**
A Market Range order is an order to Buy or Sell within a specified tolerance for slippage worse than the market price at the time the order is sent. The order is triggered immediately, as long as the market price is still between the order price and the specified tolerance.

This order must be filled immediately and its entirety at the best available market price for the order size, within the slippage tolerance specified in the order. The system will make 3 iterations to find a quote for this order.

k.  **Market Range, IOC**
A Market Range order is an order to Buy or Sell within a specified tolerance for slippage worse than the market price at the time the order is sent. The order is triggered immediately, as long as the market price is still between the order price and the specified tolerance.

This order can be partially filled once, and the remaining amount will be canceled. A Buy order can be executed at the client's order price plus the specified range, or better. A Sell order can be executed at the client's order price minus the specified range, or better. In the case that the order is executed at a better price, price improvement is passed along to the client. The system will make 3 iterations to find a quote for this order.

l.  **Stop, GTC**
A Stop order is an order that behaves like a Market At Best order when it is triggered; a stop order is triggered when the market price touches or goes through the order price (more specifically, if the order is a Buy Stop, the order is triggered when the Ask price touches or

goes above the order price; if the order is a Sell Stop, the order is triggered when the Bid price touches or goes below the order price).

This order can be partially filled multiple times until either the full order amount is executed or the client cancels any remaining amount. The order will be executed at the best available market price. The system will make 20 iterations to find a quote for this order.

m. **Stop, DAY**

A Stop order is an order that behaves like a Market At Best order when it is triggered; a stop order is triggered when the market price touches or goes through the order price (more specifically, if the order is a Buy Stop, the order is triggered when the Ask price touches or goes above the order price; if the order is a Sell Stop, the order is triggered when the Bid price touches or goes below the order price).

This order is triggered when the market touches the order price (Market Bid touches Sell order price or Market Ask touches Buy order price).This order can be partially filled multiple times until either the full order amount is executed or the client cancels any remaining amount. The order will be executed at the best available market price. The order will be canceled at 17:00 NY time if it has not been executed in that trading session. The system will make 20 iterations to find a quote for this order.

n. **Margin Call, GTC**

A Margin Call is a system-generated order that is triggered when the client's usable liquidation margin drops to 0 or below. The order behaves like a Market At Best order when it is triggered.

This order can be partially filled multiple times until either the full order amount is executed or the client cancels any remaining amount. There is no price associated with this order, so the order will be executed at the best available market price. The system will make 20 iterations to find a quote for this order.

## 1.2  Matching Rules

### 1.2.1  Liquidity Pools

The concept of a liquidity pool is that an order triggered on a price stream can be routed to a particular liquidity pool based on certain criteria. These liquidity pools are setup to handle situations in which certain order flow can have an adverse effect on normal order flow, or if better quality of execution can be achieved by controlling the set of liquidity providers to which an order can be routed.

If there is not enough liquidity in a particular pool to execute an order, then the order may be eligible to be filled in another pool. In this case, there is a priority list assigned to each of the pools, so that the order will be routed to the next pool in the priority list when relevant.
*(As of 10/07/2011, there are 3 pools of liquidity setup for the FXCM retail system, and the rules for routing are based only on size-based routing:*

1.  *Standard Pool – This pool is used for all orders between 10,001 and 4,999,999. It is also used as the backup pool for both of the other pools of liquidity.*
2.  *Micro Pool – This pool is used for all orders less than or equal to 10,000.*
3.  *Large Pool – This pool is used for all orders greater than or equal to 5,000,000.*
4.  *BBOX Pool – This pool is used for all orders, but the quote size is a minimum of 2MM.)*

### 1.2.1.1 Size-Based Routing

Another criterion that can be used is the size of an order, such that all orders that meet the configured parameters will be routed to a particular liquidity pool. This type of setup will be used in the case that either large orders or small orders will receive better quality of execution based on the liquidity providers within a specified pool as opposed to another pool.

### 1.2.1.2 Database Routing

The first criterion is that all orders for a particular Candleworks instance should be routed to a particular pool. This type of setup can be used in the case that one CW instance represents a business unit that cannot share a Credit Line or Liquidity with the rest of the CW instances.

### 1.2.1.3 Account Exception Routing

Finally, an order can be routed to a particular liquidity pool based on the account on which the order is placed. This type of setup will be used in the case that a particular account is determined to be inappropriate for a particular pool of liquidity.

### 1.2.2 Execution Preference Rules

There is a configuration setting that lists the priority for execution between liquidity providers in the case that two liquidity providers have the same price and that price is used for an order match. The provider that has a higher priority will win the trade in the case of such a tie. If there is no priority assigned to either of the providers in the tie, then the system will randomly choose which provider will receive the trade request.

### 1.2.3 Partial Fill Control

There is a parameter that controls the minimum size of any part of a partially filled order. This parameter is applied for all instruments. Any order or part of an order that is less than the partial fill minimum must be filled in maximum. The partial fill minimum is set to the same value as the Minimum Quote Size parameter.
In the case that the size of a single order is greater than the size of the quote against which it is mapped, the order can be routed to multiple liquidity providers (or multiple quotes) at the same time. This routing will be done in parallel; if there is a rejection on one of the quotes, then the rejected part of the order will be rematched against the matching book and rerouted in iterations until it is filled according to the rules of the order.

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### 1.2.4  Batching

In certain circumstances, it can be advantageous to FXCM and the client to batch a set of client orders together and route them as one order to a liquidity provider. The rules for batching orders are based on the Database, such that only orders from the same Database can be batched.
The criteria for matching are: Instrument, Side, Order Type. The Order Type must be Stop, Stop Entry, Limit, Limit Entry, or Margin Call. Margin Call orders can only be batched if they originate from a single account. Market orders cannot be batched, unless the client sends a list of orders through the API, thus indicating that he wants the orders to be batched. In this case, the side and instrument of the orders must be the same.
If the market price passes through the price(s) of the resting orders, or generates a margin call, then all of the orders that meet the above criteria are eligible for batching. In this case, the Matching Engine will create a batch of orders based on the quote size at the top of book at the time that the match is generated. If the aggregate size of the orders is greater than the quote size, then the remaining orders can be eligible for a second batch against the next best quote.

### 1.2.5  Execution Control Scenarios

There are a number of scenarios under which the system will control execution to reduce the risk of rejections and resulting slippage. Unless specified otherwise, the Suspend/Resume commands are used to implement the controls on these scenarios. When the scenario triggers, the Suspend command will be used, and then after the scenario is over, the Resume command will be used.

### 1.2.5.1  Order Count Control

Due to certain demands by liquidity providers and the possibility of poor performance by a liquidity provider, FXCM must control the number of orders that can be sent to a particular provider with a few measures. Order Count Control is based on a time parameter, so that FXCM does not send more than X number of orders to a liquidity provider within N milliseconds.

### 1.2.5.2  Rejected Order Count Control

The system will suspend a liquidity provider after X rejections in N milliseconds.

### 1.2.5.3  Max Outstanding Volume

The system always has a real-time calculation of the volume of all outstanding orders at a liquidity provider (ie, an outstanding order is one for which we have not received any response from the liquidity provider). If the volume exceeds a certain threshold, then the bank will be suspended until the system receives either executions or rejections on the outstanding orders.

### 1.2.5.4  Max Routing Volume as Multiple of Quote Size

There is a parameter that controls the maximum total volume that can be matched against a single quote. This parameter is implemented as a multiplier (or a percentage) of the quote size, given that many liquidity providers accept more than their quoted size. The parameter is set per instrument, per provider.

*(As of 10/07/2011, all liquidity providers are set to receive 1x quote size, except 3 providers. These three providers are willing to accept more volume than the quoted volume in most circumstances. Accordingly, there is an unlimited setting on their Max Routing Volume, meaning that the liquidity provider will send a*

*rejection when its liquidity is exhausted. While this situation inevitably leads to a slightly higher rejection rate, we have the advantage of using more liquidity than is explicitly defined.)*

### 1.2.5.5 Max Allowable Size per Quote/Liquidity Allocation

There is a parameter that controls the maximum total volume that can be matched against a single quote. This parameter is implemented as an absolute amount of the base currency. The parameter is set per instrument, per provider.

*(As of 10/07/2011, this rule has not yet been implemented.)*

| Revision | Date of Revision | Author | Approved by | Notes |
|---|---|---|---|---|
| 1 | 10/07/2011 | Evan Milazzo | | Document created |
| 2 | 10/07/2011 | Evan Milazzo | | Modifications based on Build 118, Large Pool Routing changes, and Quote Throttling<br>All new sections are in RED text |

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